

Exhibit 1



HOUSE OF COMMONS

Culture, Media and Sport Committee

Oral evidence: British film and high-end television, HC 157

Wednesday 8 May 2024

Ordered by the House of Commons to be published on 8 May 2024.

[Watch the meeting](#)

Members present: Dame Caroline Dinenage (Chair); Steve Brine; Clive Efford; Julie Elliott; Simon Jupp; John Nicolson; Alex Sobel; Jane Stevenson.

Questions 346 - 403

Witnesses

I: Chris Bird, Director, Prime Video UK, Amazon; Benjamin King, Senior Director of Public Policy, UK and Ireland, Netflix; Mitchell Simmons, Vice-President, Public Policy and Government Affairs, EMEA, Paramount; Gidon Freeman, Senior Vice-President, Government and Regulatory Affairs, NBCUniversal International.

Written evidence from witnesses:

– [Add names of witnesses and hyperlink to submissions]



HOUSE OF COMMONS

Examination of witnesses

Witnesses: Chris Bird, Benjamin King, Mitchell Simmons and Gidon Freeman.

Q346 **Chair:** Welcome to this meeting of the Culture, Media and Sport Committee. Today we are continuing our inquiry into British film and high-end television with some of the major studios and streamers making film and high-end TV in the UK. Today I am very pleased to welcome Benjamin King, senior director of public policy at Netflix; Mitchell Simmons, vice-president for public policy and Government affairs, EMEA, at Paramount; Chris Bird, managing director at Amazon Prime Video UK; and Gidon Freeman, senior vice-president for Government and regulatory affairs at NBCUniversal International. You are all very welcome—thank you so much for joining us today.

I will start the questions with you, Gidon. It has been a turbulent few years for the industry. How have the pandemic and the US strikes and broader market forces influenced your company's view of the UK as a destination for making high-end TV and film?

Gidon Freeman: It has been a challenging few years. The pandemic had the effect of closing all cinemas in the world, more or less, and shutting down all physical production in large parts of the world. In the UK, we were the first company to restart production in early July 2020 with "Jurassic World Dominion", which at the time of the suspension had about 900 people working on it at Pinewood. We were delighted to be able to get that up and running again in July 2020. As you say, shortly after, just as the industry was recovering from that shock, the strikes struck and suspended production again for another six months for all productions that were covered by the US guild agreements, which is a large proportion of the inbound investment productions that take place in the UK. We are very pleased that those were settled and we are now in more of a steady state production-wise.

Q347 **Chair:** Of the other panel members, has your company's view of the UK as a destination for making TV and film changed at all in the last few years or has it remained the same?

Chris Bird: Our ambition for the UK has only grown in recent years. The level of investment we are making and the number of TV shows and movies we are making has grown massively. In the last six years or so, we have made more than 100 TV shows and movies in the UK. We have made major investments in infrastructure. You may have seen recently that we opened Shepperton Studios. We took a long lease there and have built nine new sound stages and added 450,000 square feet of state-of-the-art production space, workshops, offices and so on. It is a first-class environment to be making film and TV. I know we had tried to get the Committee down for a tour at some point. Hopefully, we will be able to do that because I would love you to see it at first hand. That is a real indication of our commitment and ambition for the UK space for the future.



HOUSE OF COMMONS

Benjamin King: May I start by thanking the Committee for the invitation to come and speak today on the topic of this very important inquiry? Certainly, the last few years have been very turbulent, as you said, for the sector. We do feel very deeply for all the crew whose livelihoods have been impacted through the pandemic and the more recent strikes and the ensuing uncertainty that that caused.

At the same time, and not to diminish all that, the long-term potential for the UK is materially unaffected by what has happened in the last couple of years. We feel very bullish about its potential. Some of you may already be aware that it is the second most important market for Netflix from a production perspective globally. For the last few years, we have been spending over \$1.5 billion here every year on UK-made content. That is over \$6 billion since 2020. We are very invested in the long-term success of the creative ecosystem. We have put down very deep roots here and we are certainly committed for the long term. Our appetite for investing in UK content—and the attractiveness of UK content and the UK as a global destination for production—is every bit as strong as it has ever been.

At the same time, we cannot afford to be complacent. My message to policymakers today would be to think hard about the industry that we want to have in 10 years' time, not just the one that we have today. In particular, we need to keep a very keen eye on other markets to ensure that we retain our competitive edge. This is an industry that countries around the world are waking up to the attractiveness of and are intent on seeking to recreate. We need to index our own competitiveness against that of our nearest neighbours when it comes to other production destinations around the world. If we are able to do that, then the UK is in a very good spot for the long term.

Q348 **Chair:** Who is snapping at the UK's heels when it comes to attracting productions and why?

Benjamin King: From a global perspective, Australia, British Columbia in Canada and the states of Georgia and New Jersey all stand out; closer to home, probably Hungary and Spain. All those would be for a combination of very competitive tax incentives, very good-quality studio infrastructure and facilities, and in some countries a lower overall cost of production than we have in the UK.

Q349 **Chair:** Mitchell, there has been a suggestion that there is the end of the content arms race now and a focus on quality rather than quantity. Is that something that you recognise, as a company? Will that in any way impact productions that are being made here in the UK and the budgets that they have to spend?

Mitchell Simmons: First, thank you for having me at this Committee. It is certainly true that there has been a shift in the dynamics of the industry, much wider than simply for our company specifically. That relates to the dynamics of people viewing away from linear and more



HOUSE OF COMMONS

towards streaming, the shifts in the ad market, and the different revenue models that people are exploring.

The underlying fundamentals of the UK mean that it has a highly skilled workforce, it has a vibrant independent production community, and it has a good tax incentive regime, which means that the UK is a great place to make and create content. To answer your question more directly, we think the notion of an arms race suggests that at some point it will overheat and there is too much inflation in the market. We would argue, I think, that there is ample opportunity in the UK for a mixed ecology.

We are obviously a big studio investor. We make big productions in the UK—things like “Mission: Impossible”. We are making “Sonic 3” at the moment. “Knuckles” has just gone on to Paramount+ around the world. Equally, we are investing in smaller films, smaller television, and we are also the owner of a public service broadcaster in Channel 5, where we are spending a significant amount of money over a much larger number of productions. We still think that there is space for a mixed ecology in the UK, so we refute the argument that there is an arms race of content taking place.

Q350 Simon Jupp: Thank you for coming along this afternoon. We have seen quite a few tax changes in the last couple of years for the film industry. Because of the new independent tax relief, do you think that you will be producing more films that are below £15 million in budget?

Chris Bird: Absolutely. It is a very welcome addition to the independent film space and something that for a long time independent film in the UK has been calling for. Our expectation is that we increase films that we make in that space by some number, probably between 20% and 30%, in the next year or two.

The independent film space more broadly will benefit from not just more films being made, but more opportunities created for new and upcoming independent filmmakers. I think that we have to just remind ourselves that some of the success that we see in the broader film ecology in the UK stems from the grassroots of independent filmmaking. I don’t think that we would have Christopher Nolan winning best director for “Oppenheimer” had he not made “Following” 20 years ago. We made “Saltburn” with Emerald Fennell last year. She has her roots in independent filmmaking also. We have to appreciate the training ground and nurturing and development opportunities that independent film provides for British talent. I think it is a very positive thing that we can see more of that coming through in future years.

Benjamin King: We are delighted about the introduction of the independent film tax credit. It is what the industry was campaigning for for some time. It was much needed. Smaller-budget films are an area that we have consistently invested in for some time now, both through our own commissions—a title like “Scoop”, for example, the account of the Emily Maitlis interview of Prince Andrew, is perhaps the most recent



HOUSE OF COMMONS

example—and over the last couple of years films like “I Came By”, “I Used to Be Famous” and “The Wonder” and then, in addition, titles that we have acquired. “Bank of Dave” is a great example. It was a huge success for us; the sequel is being filmed, I believe, as we speak. There are other titles as well, like “Christmas on Mistletoe Farm”.

We are very supportive of smaller-budget films for the cultural contribution they make but also their contribution in helping to develop the talent pipeline and build up that strong stable of IP, ideas and creativity, which has been a consistent strength of the UK’s over the last few years.

Simon Jupp: Gidon, the same question to you.

Gidon Freeman: I think it is probably, in truth, a little early to say. I echo what Chris and Benjamin have said so far about the ability of a lower budget enhancement to the relief to incentivise additional activity in the up-and-coming filmmaker area. Generally speaking, we are very supportive of the creation of that relief. We contributed to the discussions as it was being developed in advance of the Budget, and we stand four-square behind it, but we do not think it is intended for companies like ours. We already act on the very generous incentives that exist under the old film and high-end TV tax relief and the new audio-visual expenditure credit, which I am sure we will get on to at its core in more detail.

Whether we would benefit from it is almost a secondary question. The real point of it is to fill a gap in the market, and I know that the contributions you received in the written evidence process were extremely compelling. There is a shortage of that level of budget films. That is not to say that we would never use it, but I don’t think it is strictly intended for us.

Simon Jupp: Fair enough. Mitchell, the same question to you.

Mitchell Simmons: I agree with much of the sentiment of what has just been said. One thing from where Paramount sits is that Paramount historically had invested quite significantly in—I hate to use the phrase “low-budget”—low-cost British films, around the sub-£5 million mark. It then had a hiatus for a number of years, and around 2019 it started to increase investments and tried to find projects.

To give you an example of that pipeline, in 2019 Rapman was an up-and-coming director on YouTube. He created “Blue Story”. He did a short for “Blue Story”, received development funding for a script from the BBC with PSB involvement, then sought funding. Paramount then funded that project. “Blue Story” smashes the box office away, does I think 1.3 million on opening, hits 4 million total UK box office, then, as a result of that, from its good theatre run in the UK gets theatrical release in the US and South Africa. Then, of course, that puts Rapman as a director on stage, with the cast and the crew—and suddenly you come to now, a few years later, and Rapman has a show, a big budget hit, coming to Netflix.



HOUSE OF COMMONS

There is a fundamental point that that pipeline that it creates is important. We think that the changes will make it easier for companies like ours to de-risk investment in smaller projects. That is where we see the benefit. To answer your original question, yes, we see a likely increase in both the number of projects and the spend on those projects.

Q351 **Simon Jupp:** Sticking with you, Mitchell, we know that there is also increased credit being offered for visual effects. How does that impact on what you do?

Mitchell Simmons: I will try to give an example. For a global project like "Mission: Impossible", where you are shooting in six or seven jurisdictions or more around the world, the changes in the uplift of VFX will be welcome, but the removal of that 80% threshold, which means you are only allowed to benefit from the credit for 80% of the spend, would not have a significant impact. For smaller-budget films where primary physical production is in the UK, there are clear examples where you have done your physical production in the UK, you are hitting the 80% threshold and then the finances just do not make sense for you to do the VFX in the UK.

Paramount has done a lot of VFX in the UK. We very much see the UK as a good hub for VFX. We have done Ridley Scott's "Gladiator II". The weather is not good enough, shall I say, in the UK for "Gladiator", so it was filmed in Malta, but the VFX was done in the UK. The same goes for "IF" and for other projects.

To give you an example of how it might change, I was speaking last week to the producer of "Tuesday", which is a UK/British film. It is released in the US next week, I think. It has BFI and BBC support and it follows the story of a terminally ill child and the relationship with the family. It has a macaw representing death. They produced that film and they hit the 80% threshold, and the VFX shots went to Canada as a result. The likelihood is that had they had the opportunity to do the VFX in the UK, they would have done the VFX in the UK. We think it will make a very clear difference, ensuring that where physical production is in the UK and you want to do VFX in the UK, the studios are able to do that.

Simon Jupp: Understood. By the way, the best weather in the country is Devon, so if you want to film anything in Devon I am all up for that.

Mitchell Simmons: I will take that feedback back.

Simon Jupp: Benjamin, can I put the same question to you about visual effects credits?

Benjamin King: I am certainly a big fan of Devon. We advocated vocally and proactively for the removal of the expenditure cap. We shared numerous examples with Treasury of shows that we were making in the UK where, by virtue of the fact that we were hitting that cap, the VFX work was moving overseas, when all other things being equal, we would



HOUSE OF COMMONS

have been quite happy for it to remain in the UK. That was a problem that was being replicated across the industry, to the extent that one of our VFX houses, I believe, opened an office in France precisely to service that need, which seemed a fairly extraordinary state of affairs.

We are very confident that now, with the changes to the design of the tax credit, more VFX work will be able to stay in the UK. As we have said to Government consistently, it is not only good news for the industry and good news from a skills perspective; it is good news from a technology perspective. A lot of this technology is transferable to other industries and other sectors. We want to have that in the UK. We want to have people with the skillsets to operate it, to the point I made earlier about designing an industry for 10 years' time rather than just the one we have today. This is exactly where we need to be forward-thinking. I think the VFX incentive is going to be good news all round.

Gidon Freeman: I don't have much to add, other than that the same situation applies to us. There are titles that we have made in the last two or three years where we have reached the 80% of budget cap and taken the post-production or VFX work outside the UK to access incentives elsewhere. There are also plenty that fall into the category that Mitchell described, where a film has been shot in six different places and we are nowhere near the 80% cap and not in danger of hitting it.

Overall, if it provides producers with greater flexibility and encourages and nurtures a high-value industry that has other applications outside feature film production, I think that is terrific.

Chris Bird: I fully concur with Ben and Gidon. The removal of the cap is certainly a welcome addition. We work closely with the Screen Alliance, and I know that it has been petitioning for that for a long time. It does seem a backward step that productions here in the UK would need to go abroad simply to do the post-production, so we are very pleased to see that change.

Q352 **Simon Jupp:** Are there any lessons to learn from the way the Government have handled this? It seems as if this has been largely welcomed by you all, but is there anything that could have been done better?

Gidon Freeman: You are talking about the creation of the audio-visual expenditure credit from the get-go?

Simon Jupp: Yes.

Gidon Freeman: I think that the logic behind doing it, in order to comply with the OECD tax treaty, was coherent. The approach that the Treasury and HMRC took to delivering the new legislation was, from our point of view, extremely responsive and co-operative. My colleagues and I were in frequent discussions as the legislation and the proposals were being developed.



HOUSE OF COMMONS

We had one issue with the drafting: the draft legislation came out relating to the tax treatment of related party transactions saying that we could not claim the incentive in relation to costs that we had incurred from other sister companies or parent companies or subsidiaries. We said that that was not right, because these companies operate at arm's length from us. We have a lighting and production services business that works for third parties just as it works for us. What abuse is it exactly that you are trying to stamp out? In those discussions, we came to an accommodation and we are satisfied with how that has been resolved, including with greater transparency from us as to the nature of the agreements that we are in with those companies, to make sure that Treasury and HMRC can be satisfied that there is no abuse to worry about.

Simon Jupp: Does anyone else have anything to add on that point? No. Wonderful. Back to you, Chair.

Q353 **Chair:** Does anyone have any issues with or concerns about how the VFX relief is being scoped—including on generative AI, for example?

Mitchell Simmons: There is certainly a question that the language used in the Treasury consultation, in the documents, essentially explains that the tax will be excluded from anything that uses generative AI. Our understanding in discussions with Treasury is that it does not necessarily mean that as a whole category. It wants to be more targeted about certain technologies that may be used for the creation of content, which would not ordinarily be used in VFX. We think that that may be reasonable. We are in those conversations with Treasury. As a side note, AI is often a part of or within certain VFX programmes that have been used for many years.

Chair: Are you getting the reassurances that you need from the Treasury?

Mitchell Simmons: Yes, we are in discussions. Based on Gidon's earlier comments, so far in all these issues we have had very positive relationships with Treasury.

Q354 **Chair:** Very good. For a moment, I need to pause the broadcast so that we can all go and vote.

Sitting suspended for a Division in the House.

On resuming—

Q355 **Chair:** We are expecting a couple more votes, but we are not quite sure when they are going to come—we will keep you posted. To get through as much as we can, if somebody has already made pretty much the comments that you were going to make, do not feel that you have to repeat them.

John Nicolson: Apologies for that. You have just seen the ludicrousness of Westminster in practice: we have all trooped all that way just to go



HOUSE OF COMMONS

through a lobby, when they could have done it electronically.

Mr Simmons, could I start with you? You said earlier that Hungary and Spain often had an advantage over us. I was interested that those two countries were selected by you. Could you share some insight into what Hungary and Spain do that we do not, and that we could learn from?

Mitchell Simmons: I think it was my colleague Benjamin who made that comment.

John Nicolson: I beg your pardon.

Mitchell Simmons: But I am happy to answer your question. The reality is that with the key things that I alluded to earlier about why the UK is so good, other countries are beginning to look at the UK and try to copy and see what they can do. The two things that Spain and Hungary have done are to invest in infrastructure—that means studios, stages and skills—and to have a tax incentive regime that is competitive with the rest of the world. Fundamentally, it sits on those two points.

Of course, as we have heard, we know about the 80% threshold, so often or in certain circumstances some production will be done in the UK but some production might also be done in Hungary or somewhere like Spain. There are obviously other reasons why you might not use the UK—geography and topography might not always be best in the UK—but certainly they are two territories that are thinking about investing in their infrastructure and their incentive models to be competitive with the UK.

Q356 **John Nicolson:** Apologies, Mr King: that was your point. Would that be, for example, lots of the outside scenes that you quite often see purporting to be English cities but which are actually shot in Hungary? That would be one reason, I suppose, when we are talking about the geography and topography and climate. There seem to be so many other things that we could learn from.

Benjamin King: Yes. For Netflix, so many of our best-known shows and most loved shows are all made in the UK, across the nations and regions as well. You have “Bridgerton” in the south-west, “The Crown”, much of which was filmed in Scotland, and “Sex Education” in Wales. We are shooting three different shows in Scotland this year, including a co-production about Lockerbie with the BBC. We rarely use other locations in lieu of the UK when we can use the UK.

Q357 **John Nicolson:** That is interesting. What are we doing in Scotland that is attracting you that we could do more of?

Benjamin King: It would be very difficult to replicate Scotland’s extraordinary scenery and iconic locations, and that is a lot of the reason for the draw. The first criterion for us will always be the creative intent behind the show, because that is what we want to prioritise. Where there is some flexibility in the creative intent, that is when other factors come into play. First and foremost, we want to make shows where it makes the



HOUSE OF COMMONS

best sense to make them. The reason that "Sex Education" ended up being filmed where it was filmed in south Wales was that we found this fantastic campus that we wanted to use for Moordale High. Once we had discovered that location, the rest fell into place.

There are occasionally reasons why you might go to a specific country because it has something that the UK does not have. For example, I believe Malta has a horizon water tank, which is not something that we have in the UK, so if you want to shoot a particular scene, Malta is the place to go for that.

John Nicolson: I don't know what a horizon water tank is.

Benjamin King: As I understand it, it is a little bit like an infinity swimming pool.

John Nicolson: I see.

Benjamin King: If you want to shoot something with an open horizon that appears to be in the ocean but is not actually in the ocean, you need a horizon water tank. We are fast reaching the limits of my production knowledge here.

From Netflix's perspective, there is so much that is attractive about the UK that that is generally our first choice of destination for a reason outside the US and Canada.

Q358 **John Nicolson:** That is interesting. When you do things that are very specific to the geography or political climate, do you find that they have a wide-reaching audience? I am thinking, for example, of "Scoop". You might think that it was quite micro, wouldn't you, being set at one particular programme in the BBC? I was particularly interested in it because I worked on "Newsnight" for years, so I recognised a lot of the features, in particular the posh people against the incomers who weren't quite as posh. That was a very familiar theme, I thought. Does that have a broad reach?

Benjamin King: This is one of the extraordinary things about storytelling. When we commission shows, we are thinking about our local audience first and foremost, but we find time and time again that the best stories have a universality at their core that is relatable or intriguing to people, even if they cannot identify with the specifics of where that world is set. It has an authenticity that resonates with them. Those are the shows that we find do well not only in the countries in which they are made but travel well around the world. There are some elements and dimensions to the story of "Scoop" that I think fascinate everyone, whether or not they are British and whether or not they follow inside-baseball stories in Westminster and British journalism. Yes, it did do very well for us, for those reasons.

Q359 **John Nicolson:** That is interesting to hear. Gentlemen, before I pass back to the Chair, I am quite interested to know overall what the threats



HOUSE OF COMMONS

are that you identify to the whole landscape of public service broadcasting. As you know, at the end of this we write a report. I am always interested in finding out what experts' recommendations are for what we should incorporate into our reports. Could I start with you, Mr Bird? What would be your overview of the threats to public service broadcasting? We were talking about this privately before, and it seems that all the political parties have elements within them that are hostile to public service broadcasting—for a variety of different and often misplaced reasons, it seems to me.

Chris Bird: From my personal perspective, when I look at our other international territories and I speak to content producers from around the world, public service broadcasting in this country is the envy of the world. In BBC, ITV and Channel 4 infrastructure, we have training schemes and processes that have developed incredible talent that has travelled the world over.

From our business perspective at Amazon, we have found the PSBs to be hugely co-operative and great partners. Over the last eight years, we have spent more than \$400 million licensing, co-producing and co-commissioning content from the UK PSBs, not only to make bigger and better television shows. We have helped co-produce everything from Steve McQueen's "Small Axe" and Phoebe Waller-Bridge's "Fleabag" to the recently announced second and third seasons of "The Night Manager" with the BBC. Not only are we helping to make those shows in co-operation with the public service broadcasters, but we are distributing those shows to a global audience. Those shows are available on the Prime Video platform in more than 200 countries around the world. Outside American content, British content travels the best out of any other country in the world.

Q360 **John Nicolson:** Is that because of the language?

Chris Bird: Not only because of the language, but because of the quality that we have both in front of and behind the camera—the skills.

John Nicolson: And the familiarity that presumably people have with aspects of the cultures in the UK.

Chris Bird: Certainly, but also our creativity and our ability to deliver new, innovative storylines in an easily consumable and desirable manner.

Q361 **John Nicolson:** That is interesting. Mr Freeman, when people attack public service broadcasting, I always say, "Be careful what you wish for," because it is easy enough to attack what we have, but the alternatives—

Gidon Freeman: There is no danger at all of my attacking public service broadcasting.

John Nicolson: I didn't think there would be.



HOUSE OF COMMONS

Gidon Freeman: In the same way as Chris, I do not want to labour the point, but we are extremely supportive of the mixed ecology system in the UK of public service broadcasters, commercial broadcasters, video-on-demand services and independent producers. We think it is and should be the envy of the world.

To take your question head on about what the greatest threat to them is, it is probably one for Mitch to answer in detail, because they own a public service broadcaster in Channel 5, but as a parent of teenagers who do not spend an awful lot of time watching the BBC and ITV, I would say that the biggest threats to them are the many other options that young people have for looking at fun stuff on screens. I would put YouTube and TikTok at the top of that list.

Mitchell Simmons: I completely agree with the sentiments that have been expressed. The PSBs continue to be a consistent engine of investment in the UK broadcast ecology. As PSBs, we are investing just under £3 billion a year and it is a consistent investment. It is across a range of different genres—current affairs, news, factual content. Channel 5 has a particular emphasis on factual content. It takes its audience on journeys, whether that is Michael Palin in Nigeria recently or Susan Calman around Scotland. It has recently pushed into drama at, we would say, a much lower price point but none the less reflecting people's lives, whether that is "The Teacher" with Sheridan Smith or "The Madame Blanc Mysteries", which people enjoy on a Saturday evening.

Public service broadcasters also need to be found. It is therefore fundamental that the Media Bill, which has provisions in it on prominence, is enacted as soon as possible after it passes. It is all very well our having the obligations, which we are very happy to meet—we exceed them, and we are very proud of the work we do—but we also need to make sure that we can be found and that global platforms do not push us out and push us to the sides.

Q362 **Chair:** Leading on from that, Mitchell, can I ask about the threat to the PSBs that comes from a younger generation who are much more focused on the social media world, and what that means to the UK production ecosystem? So many of our great British broadcasting talent, in front of the camera and behind it, cut their teeth at places like Channel 5, the BBC or ITV. To what extent are you concerned about the future when there are threats to our PSBs?

Mitchell Simmons: As was alluded to earlier, it is a very challenging market with the way audiences are moving and the way how we consume television is moving. Ofcom will soon announce its review on PSB and on the future of TV distribution, which also has an impact.

At Channel 5, we have moved into drama in the last four or five years. That has led to British writers, British talent and British actors finding a new opportunity to find their voice. It is certainly true. Just within the Paramount universe, Kingsley Ben-Adir was the lead actor in "Bob



HOUSE OF COMMONS

Marley: One Love” but his background, if you look at the beginning of his career, was in “Vera” on ITV. It was doing “Death in Paradise” and so forth.

You are right, and I think it is still the case that the PSBs provide the building blocks and the stepping stone for much of our industry. I do not see that changing in the short term, but clearly for the long term, if PSB is not effectively supported by regulation and legislation, there is a risk that those benefits will diminish in future.

Steve Brine: Nothing wrong with “Death in Paradise”—or maybe “Beyond Paradise” is better.

Mitchell Simmons: Yes.

Q363 **Steve Brine:** Anyway, I do not know how we got on to that. I wanted to probe a few views on Government policy around copyrighted works by AI developers. I guess you share the concerns of many in the creative industries about content being used by AI developers without licensing, remuneration or even labelling, basically. It is shared across the music industry as well, which we are interested in as a Committee. You will be aware of the Intellectual Property Office’s working group, the copyright code of practice working group—a snappy title. It has not come to an agreement on protecting copyrighted works from AI developers, so is it time for Government to legislate?

Benjamin King: We were certainly very disappointed that those IPO working group talks collapsed. We would be very supportive of Government reconvening rights holders and AI developers to carry on that dialogue and unpack all the complexity around these issues with a view to getting to a solution. Ultimately, we have to strike a balance between the legitimate interests of rights holders and not unduly stifling innovation. At the same time, we are seeing the market evolve as lots of AI developers do seek licences for certain uses of their tools. Policymakers need to keep a close eye on the market as well, when determining what a proportionate response looks like.

Q364 **Steve Brine:** That is a voluntary code, Chris, isn’t it? Do you think we should recommend that the Government legislate in this area?

Chris Bird: I think it is imperative that we have open and urgent conversations about it. We are very much at the first step of the process in understanding how AI can, I am sure, innovate and accelerate efficiency and process in our lives and our roles, but it is important that we take a very close look from a legislative perspective to ensure that we are protecting the rights of copyright holders and IP owners.

Gidon Freeman: The UK Government did try to legislate on this exact point two years ago. It ended in some disarray as to the politics at the time. We are not champing at the bit for the Government to return with that kind of legislative initiative. There are several complicated and difficult copyright-related questions that arise as a result of the



HOUSE OF COMMONS

emergence of AI that I am certainly not qualified to answer and that judges in the UK or in the EU or elsewhere will opine on at some point.

The question whether an AI enterprise has the right to make multiple copies and then distribute parts of those copies of a work protected by copyright without the copyright owner's permission is not a difficult question.

Steve Brine: It is covered by existing law.

Gidon Freeman: The answer is obviously no, and the current law should deal with that. In a couple of the countries where legislation has been pursued—something along the lines of what was proposed by the UK Government two years ago—within my purview are a lot of the Asian jurisdictions, and in Singapore, Japan and South Korea a version of that text and data-mining exception has been put into their copyright law. All three are reviewing that, because they think they may have gone too far. I think the Government should tread carefully on legislating for greater exceptions to UK copyright law.

Q365 **Steve Brine:** Was the issue with what was tried two years ago just because the politics was fairly chaotic here at that time, or was what they tried just not workable?

Gidon Freeman: From our perspective, it was not workable. It would have fundamentally undermined the rights of copyright owners to determine who can copy and make available copies of their protected works.

Q366 **Steve Brine:** Okay. What are your companies' policies on using generative AI tools in the production process?

Mitchell Simmons: The first point is that AI does not exist in isolation in and of itself. It usually exists within a product or a dynamic service that you are using, whether you are using a search engine or a type of Adobe. Certainly, within film production as part of the creative process, AI may be used in certain elements of VFX. If you wanted to automatically age, de-age or re-age a character throughout a series, that might be an example where you would use a piece of AI. Generally speaking, our view is that nothing will replace the human element of creation and production, and that AI works as a digitally astute assistant to the human creator. That is how we try to think about it.

Steve Brine: What do you think, Benjamin?

Benjamin King: We see AI as essentially a tool for our creatives to use. We have to remember that our industry is characterised by a continuum of technological development that has helped to transform how entertainment and storytelling have evolved. What we are seeing is that artists are increasingly enthusiastic to explore the potential of AI as a tool in that context, and we want to support them to the extent possible. Mitchell has already alluded to some of the uses, of which the de-aging of



HOUSE OF COMMONS

Robert De Niro in “The Irishman” is quite a good example: they include visual effects, streamlining editing and post-production processes and so forth. Fundamentally, we do not believe that there is any substitute for the originality and authenticity of human creativity, and we do not see AI as a replacement for artist-centred storytelling.

Q367 **Steve Brine:** The example you gave with De Niro still had to come from a human creating the thesis—that just helped them do it. It was not done against his wishes; it was done, presumably, with his agreement as part of the production process.

Benjamin King: Absolutely, and it is a very good example of AI as a tool for creatives to push the boundaries of what they have been doing all along.

Q368 **Steve Brine:** All right. How is season 6 of “The Crown” going? Not as good figures as the last one, right?

Benjamin King: We had a fantastic finale to “The Crown”. It ended on a high. It was very bittersweet from our perspective, because we are incredibly proud of that series, but we had always said that the story was going to end where it did. We have a number of fantastic new shows coming out this year; several have already launched and there are many more to come, so there is lots more that is taking its place.

Steve Brine: No regrets on no season 7, given that there are some good storylines?

Benjamin King: We had always said that “The Crown” was going to finish where it did.

Steve Brine: Okay, but it might start somewhere else. Prequels are all the rage.

Benjamin King: So I have heard.

Alex Sobel: We have had a lot of kings and queens.

Steve Brine: We have, yes. You could go on forever with that, couldn’t you?

Q369 **Alex Sobel:** I will move on to the issue of levies. We have had a number of directors and producers from independent production companies telling us how fragile and difficult it is to get productions off the ground, and how difficult it is to get the right finance together. Under what circumstances would your companies support a levy on video-on-demand platforms? I will start with Chris.

Chris Bird: It depends on what you expect the levy to do that is not already happening. I certainly echo the sentiment that independent producers have had a tough time of late. I think 2023 was an incredibly challenging year, with a number of problems—the US writers and actors’ strike, the cost of living crisis, the war in Ukraine, and so on. We saw a



HOUSE OF COMMONS

suppression in availability of talent in 2023. We are seeing something of a rebalancing and a resurgence in 2024. From our perspective, a good number of our productions that were paused in 2023 have reconvened or already concluded, and we are on to more film and TV show productions in 2024 than we had done in 2023 or 2022. The outlook is much brighter for the independent sector now than it has been in the past.

Alex Sobel: Benjamin, what is your view?

Benjamin King: From Netflix's perspective, the question has to be "What problem are we trying to solve?" If it is addressing the issue of market failure for smaller-budget films, we are obviously delighted that we have the independent film tax credit now. That is the intervention that industry campaigned for, for such a long time. Now that that has been introduced, I think it is only right to let it take effect and see if it is successful in addressing market failure in the way that we hope. We are very confident that it will be. I think it will be a huge fillip to that part of the industry. What needs to happen now is for that intervention to correct that market failure and then we can see where the industry stands after that. I am very confident that it will address the problems that have been highlighted to date by the sector.

Q370 **Alex Sobel:** On a slightly different subject, I hosted Chris Sharp the other week, the director of "Bobi", the documentary. You said at a Westminster conference that the Media Bill "could prove unworkable or risk a chilling effect" on the ability and the appetite to create documentaries in the UK. Is that still your view? Is it still going to be an issue going forward?

Benjamin King: We have always been very supportive of the Media Bill in general and also very supportive of the principle of Netflix coming under Ofcom's jurisdiction. We did have some concerns with the legislation, as it was initially drafted: that it was not necessarily setting everyone up for success in terms of understanding how requirements around impartiality might be transposed in a video-on-demand context.

I do think we have made some very good progress during the passage of the Bill, and indeed before it was introduced, thanks to some changes that DCMS made ahead of time. I think the Bill is in a much better place now. We are looking forward to discussing implementation in great detail with Ofcom, and I am confident that the overall impact on what audiences can enjoy on screen is going to be as small as it can be.

Q371 **Alex Sobel:** Mitchell, what is your view on the levy?

Mitchell Simmons: It goes exactly to Benjamin's point about what the problem is that you are trying to solve.

There are two points. The first is about unintended consequences and what happens in the wider market when a policy looks at one specific area of the sector, VOD services, which for us that would be Paramount+, and does not recognise the potential impact on other services. Where we



HOUSE OF COMMONS

have seen levies in other jurisdictions on VOD services, we then see inflation in the market. Local broadcasters, particularly in places such as Italy, have found that the prices have gone up because there has been a forced increase in spend and others have suffered as a consequence. I think we would be very cautious in that regard.

The second area is, as Benjamin said, that we much prefer horizontal interventions in the market that everyone can benefit from. If you want to support a mixed ecology, you need to have interventions that can benefit smaller broadcasters, larger broadcasters, smaller streamers, independent producers and everyone. That is the way policy development has taken place so far, and we think that that is why the UK has become such a powerhouse in global content creation.

Q372 **Alex Sobel:** The UK has become a global powerhouse because of our independent production sector. If we are not going to go down the road of a levy, what do you think we could do to support the independent production sector in the UK?

Mitchell Simmons: I think the two interventions that have been made recently in legislation are fundamental: the changes to VFX in the tax credit system and the support for independent film. We think getting the Media Bill passed will boost public service broadcasters and their continued investment in working with independent producers. Certainly on the Channel 5 side of our business, we work with some very small, almost one or two-person independent producers, often in the regions. We think that those current measures are the ones that we should focus on.

Q373 **Alex Sobel:** Does Netflix have any other ideas as to how to support the independent sector?

Benjamin King: From our perspective, the best way that we can support the independent production sector is by continuing to commission as much as we possibly can. As I said at the start of this session, we are investing about \$1.5 billion every year in UK-made content. We work with a very broad range of producers, right across the country, on all different kinds and genres of show. We feel that, in addition to the investment that we make in training, which I am sure we will come on to, that is the way we can best help the sector to continue to thrive, flourish and succeed.

Alex Sobel: Is that your view as well, Chris: more investment?

Chris Bird: Absolutely. I think we need to focus on the market conditions that will generate excellence for us. I think that comes first and foremost through education and skills. We need to ensure that we are bringing through enough new young people who have the creative freedom to go out and be the next Phoebe Waller-Bridge, Emerald Fennell or Jeremy Clarkson and create brilliant content for us; create new infrastructure that enables that success, including studio space, production facilities and so on; and instil the ambition and the opportunity for people to build their



HOUSE OF COMMONS

career in this space and go on to extol the virtues of the excellence that we currently have in the creative economy.

Q374 **Alex Sobel:** In some other jurisdictions, we have seen either levies or a minimum obligation to invest. Has that affected how you have invested in those jurisdictions, or not at all?

Chris Bird: I am not an expert on our international business, but I do know that in some of our territories—to echo Ben and Mitch’s point—where we are required to invest in certain areas we do find that it increases cost in those areas, sometimes unnecessarily, and slows down the process of creativity and innovation.

Q375 **Alex Sobel:** Mitchell, I don’t think you addressed that point. Have you seen any changes in other countries?

Mitchell Simmons: Yes, exactly those points alluded to earlier. We operate streaming services in some of those jurisdictions that have had increased levy obligations and often complicated structures of quotas and sub-quotas. A point to add is that we often find in some of those territories that where you create strict obligations specifically on one sector of the industry—VOD services—what you do is create a cap on investment. Rather than services saying, “We will just make a bigger show here one year and then a different kind of show here somewhere else,” you see a dynamic where people say, “Well, this is what we must invest, so that is what we will invest in that territory, and we will not invest any more.”

Alex Sobel: So it is a ceiling?

Mitchell Simmons: It ends up in some instances as a ceiling. We can write to you with more data.

Alex Sobel: That would be great.

Gidon Freeman: Can I come in on that final point? We share the same view that financial incentives are preferable to legal obligations as a way of driving investment in content. Our two biggest production locations in the world are the US and the UK, where there are generous and effective incentives available and no legal obligations.

The point is partly that the UK does not have a tradition of that kind of dramatic intervention. Some of the countries of continental Europe—in particular France, but also Italy and to a lesser extent Spain—do have that kind of tradition. They do not just levy a charge on video-on-demand services; they also do it on cinema admissions, DVD sales and every other mode of distribution. As a result, they generate this enormous pot that the film agency gets to spend and, they mostly spend it supporting French culture on shows that would not meet the commercial threshold for production.

There was a report last month from the Cour des comptes, the French equivalent of the National Audit Office, that found that the proportion of



HOUSE OF COMMONS

CNC-funded films that broke even at the French box office was 2%. That means that shows are being produced for perfectly valid cultural reasons, but that would not get made commercially. We are businesses. Our strong view would be that it is not something that the UK Government should pursue.

Q376 **Chair:** Benjamin, you talked about the investment that you do to support independence. How does the IP work? Can people retain their intellectual property, or does Netflix take that on?

Benjamin King: We do not have a one-size-fits-all model; we will do different deals with different producers, depending on the specifics of the show. It is that flexibility that we offer, but also that the very plural market offers overall, which means that there are multiple routes for different producers, depending on what they value most.

Q377 **Julie Elliott:** I want to move on to studio infrastructure. NBCUniversal and Sky have invested in building studios. Netflix and Amazon have long-term leases with studios. Paramount does not have its own facilities here. I would like to know what has informed your companies' decisions whether to invest in a long-term base in the UK or not.

Chris Bird: I would say that the joy and the privilege of being here in the UK is that we have a huge talent pool. First and foremost, being a creator and a talent-facing business we care about the pool of talent that we have. We want to tell the stories that our audiences, both in this country and abroad, want to see and hear. We want to make them with the talent that are engaged and excited and committed to this territory. We start with that pool of creatives and then we look at what is required to operationalise and convert that vision into film and TV.

In Shepperton we have taken a long-term lease to build out a studio space that is state-of-the-art, where we can produce one of the biggest TV shows in the world, "The Lord of the Rings: The Rings of Power", which was shot there for much of last year¹. It is a state-of-the-art facility that will see us through for many years. We are very excited and enthused about the future of our space there.

Gidon Freeman: I think the Sky and NBCUniversal reference was to Sky Studios Elstree, which is run by our sister company, Sky, but where a lot of the content is Universal productions. The driving force behind it was that until the point where our overall company had control of our own physical studio, we had to find space every single time. This creates an element of reliability, and if there is spare capacity, third parties can produce there, and have done so. As a general rule, it will be where our overall company is producing its works.

Our colleagues at Sky are extremely proud of Sky Studios Elstree. I have been round there: it is absolutely fantastic. If you have not been, I will

¹ Note by witness: The Lord of the Rings: The Rings of Power S2 was based at Bray Studios and on location, not Shepperton Studios.



HOUSE OF COMMONS

happily connect you to make that happen. Most recently, we have had two movies under the “Wicked” banner—one coming out in November and one next November—that we are shooting there. The next episode of the “Jurassic” franchise is in pre-production there, as is the next “Bridget Jones”. There is a lot of exciting stuff happening, and having our own facility or a sister company’s own facility to produce it in creates reliability.

Benjamin King: I think the decision to take long-term leases at Shepperton and Longcross, which was made a few years ago now when we originally made the decision to double down on our production and investment commitment in the UK, was, much as Gidon says, about creating surety in terms of supply and access to infrastructure. The decision to take those leases specifically was to some extent dictated by what was available on the market at the time, but certainly we have been very pleased with both those sites.

The recent expansion at Shepperton is hugely impressive. We ourselves have made a sizeable capital expenditure investment in Longcross, which was formally a MOD site, although it had been used for production before we took it over. We made a sizeable investment to bring it up to a very 21st-century specification, refurbishing all the stages, building new sound stages, refurbishing office space and workshop space, to spec it for pretty much anything we might want to make there in the future. We feel across those two sites, and in addition to everything we do on location across the nations and regions in the UK, we are very well supplied in terms of infrastructure needs at the moment.

Mitchell Simmons: It has simply been a business decision from Paramount. We have sat in front of Treasury a number of times, and they have said, “Why don’t you purchase somewhere or take a lease on somewhere?”, but we have enjoyed the flexibility of being able to shoot wherever we want, I suppose, and we have not wanted to run a studio business in the UK.

That has not prevented our appetite to continuously film in the UK or it being a home away from Hollywood, to a certain extent. We have been doing “Sexy Beast” in Liverpool and “A Gentleman in Moscow” in Manchester; we turned Glasgow into Philadelphia for “World War Z”, we filmed “Rocketman” in Greenford in a Royal Mail package facility; and we have a number of projects at the moment at Leavesden, including a Guy Ritchie project. We have enjoyed the flexibility of not having a studio, and we have just announced Ridley Scott’s Bee Gees biopic to be filmed in the UK.

From our perspective, if you were to speak to our real estate folks they would simply say, “Look, we always find somewhere to produce in the UK when we want to and we are happy with the bountiful, good-quality studio spaces that we find.”

Q378 **Julie Elliott:** Do you think the UK has enough studio infrastructure to



HOUSE OF COMMONS

keep up with all your companies' needs?

Mitchell Simmons: Yes. Sometimes it can certainly be a challenge to find studio space, but we have always found space and the current trajectory where the increased investment has been announced, such as the recent investment in Sunderland and elsewhere, has been a positive. We look at the UK very positively in terms of stage space.

Benjamin King: Certainly demand fluctuates. We often need to take shorter-term leases on a production-by-production basis but, as Mitchell says, there has been significant investment in this area over the last few years. I think that is paying dividends now.

Gidon Freeman: Yes.

Chris Bird: I would not look at it from a static perspective. We would always want to raise the bar on the quality of the production facilities we have in this country. I think we have done that incredibly well over the last few years, but we need to continue to do so.

Q379 **Julie Elliott:** To what extent does the UK's virtual production studio infrastructure attract productions here? Would a more extensive virtual production resource base in the US mean you would not need to film as much in the UK? Just very brief answers, please.

Chris Bird: We will always need to film in the UK. For us, it is about the talent and the storytelling and the content production. I can certainly see virtual stages providing an innovative and efficient way of creating content, but I do not think there is any substitute for studio sets or location filming.

Gidon Freeman: I share that view entirely.

Benjamin King: We are watching the evolution of virtual production with interest. As the costs are coming down, the application is becoming a bit more widespread. At the same time, we do see its potential use as being relatively specific, so we are not overly focused on building additional capacity in this area at the time.

Mitchell Simmons: I do not have anything to add to those comments.

Q380 **Julie Elliott:** Mitchell, you have alluded to this in a previous answer, but does not having a tie to a physical studio give Paramount more flexibility about shooting in the nations and regions in the UK?

Mitchell Simmons: It is certainly true that we have always been very comfortable shooting in the nations and regions, as I alluded to earlier. I do not know whether having a studio would tie you down. There are certain parts of the UK that mean you need to be outside and not on a stage or in a studio space. When Tom Cruise jumps off a mountain in Austria but magically lands in the Peak District, you need the Peak District and you need to be in Derbyshire to film that. I am not quite sure that having studio space or not having studio space will necessarily



HOUSE OF COMMONS

impact the outcomes for where studios are spending money. The reality is that it is the directors and the creatives who will push what kind of spaces they want for their content.

Q381 **Julie Elliott:** Gidon, there is a perception that productions parachute into an area, shoot a few scenes and then leave. What would incentivise NBCUniversal to make longer-term commitments to the nations and regions of the UK and work more closely with communities?

Gidon Freeman: We have produced extensively outside London and the south-east. In recent years we would count "Mary Queen of Scots" in Scotland, "Dad's Army" in Yorkshire, "Doctor Dolittle" in Cumbria, a TV season of "Brave New World" in south Wales and "Dracula" in Northern Ireland. "How to Train Your Dragon" is currently in physical production, also in Northern Ireland. In all those places, we engage actively with the local community and with the local screen agency to ensure that we are maximising the benefits of our investment for other productions likely to come their way. The truth is, we do have access to our sister company's physical studio space just on the fringes of London, so most studio stage space that we are likely to need is going to be fulfilled from Sky Studios Elstree.

Q382 **Julie Elliott:** Benjamin, regional screen agencies suggest that streamers' content should be subject to "made outside London" quotas, as public service broadcasters are. What changes would require this to happen to the existing regulatory framework?

Benjamin King: I think it is something of a moot question from Netflix's perspective, because we do so much already in the nations and regions. On the point that Gidon was making a moment ago, I think especially when you look at returning series, that is when you start to see the real benefit for local communities in helping to establish creative clusters. If you take a show such as "Sex Education" that was filmed across five seasons in south Wales, we ran a training programme across all those seasons where new entrants came on at the start of the season in various departments, were trained up and then, for the next season, came back as full-time crew, and a new tranche came in underneath them. That helped to develop the crew base in that part of the country.

We are doing those things all over the UK at the moment, so from our perspective I think a quota is somewhat academic. Ultimately, we should make shows that are in the best interests of audiences and are what people want to watch, rather than simply fulfilling quotas, because that does not always produce the best outcomes from a creative perspective.

Q383 **Julie Elliott:** Chris, what impact would such a "made outside London" quota have on how Amazon commissions content?

Chris Bird: I feel that it is probably a moot point for Amazon as well, because we do so many shows outside London and the south-east.

Julie Elliott: Would a quota have any impact on what you do?



HOUSE OF COMMONS

Chris Bird: The risk is that it would artificially drive productions to areas when potentially there are better opportunities elsewhere. For example, in the last five or six years or so, we have made seven seasons of television in Scotland: we have made "Good Omens", we have made "The Rig", we have the upcoming "Anansi Boys". We have created some 750 jobs up there, and we work very closely with Screen Scotland on infrastructure, apprenticeship programmes, skills and training. We have invested more than £50 million in that sector. If we needed to fulfil some quota in some other part of the UK, would that pull us away from a particular region because of that? I don't know. It is not something I would encourage us to spend a lot of time thinking about.

What I would encourage us to think about is how we encourage creatives right the way across the UK in every town, city, and region to come up with filmmaking and television ideas that we can then conceptualise. We have audiences right across the UK, audiences from the entire size and scope of the UK, wanting to see themselves reflected on screen. We want to bring that level of diversity, storytelling and innovation to life. That is what we focus on converting.

Q384 **Jane Stevenson:** I would like to turn to skills and training. Adrian Wootton from the British Film Commission—a fellow Wulfrunian and Wolverhampton Wanderers fan, so obviously a very wise man indeed—said, "We have put ourselves in a fantastically competitive position because of our infrastructure, our tax reliefs and our talents, but it is in our hands to lose that work. The biggest factor now will not be our tax reliefs or our studio space; it will be whether we have the people to do it." What proportion of your overall spending in the UK is invested in skills and training?

Chris Bird: I completely agree that the future lifeblood of our industry is in skills and training. We must bring in a new diversity of thought and perspective to our industry and we must create educational tools, training opportunities, to develop into lifelong careers for people in this market.

I sit on the Creative Industries Council and I am on the skills and education training working group. We want to be able to see right the way across the creative industries more than a million jobs created by 2030 in this space. I see a huge number of those coming from the film and TV sector.

At Prime Video, we have developed a programme called the Prime Video Pathway, where we have invested £10 million in the last three years specifically to generate skills training and apprenticeship opportunities for people in this space. We have helped more than 1,000 people to gain broader training or education over the last three years, and almost 300 new apprenticeship positions within the creative industries within Amazon. This is something that we feel deeply passionate about and that we want to continue to drive and scale in the coming years. There is lots more we can do, including reforming apprenticeship levies and finding



HOUSE OF COMMONS

new ways to educate secondary school children about the opportunities that exist for them in film and TV.

Q385 **Jane Stevenson:** Do you think you have been spending enough: £10 million over three years?

Chris Bird: There are 1,000 people who would tell you that they have opportunities that they did not have without us. I think that is a great number, but I agree that we are only just starting.

Gidon Freeman: It is very difficult to quantify with a precise figure how much we spend on training, skills and workforce development. That is partly because, in the way of a big organisation, it comes from multiple pots. Some of it is spent centrally at the corporate level; some of it is spent on production. [*Interruption.*] Should I stop? Do you need to go and vote?

Chair: Yes. It will give you time to look up your figures: you are all members of the Screen Sectors Skills Task Force, so you should have some idea of the figures.

Sitting suspended for a Division in the House.

On resuming—

Q386 **John Nicolson:** Gentlemen, I have heard from several people that streamers' viewership data are considered commercially sensitive. Some people tell me that that perhaps results in creatives not being sufficiently rewarded when their shows do well. Mr King, do you think that is true? If so, what can be done about it?

Benjamin King: Netflix is the most transparent streamer in terms of the amount of data that we share: our top 10 lists, which are publicly available on a dedicated website; our "most popular" lists; the various data points that we share with the producers that we work with; and the fact that we are now a member of Barb, which reports on viewing figures.

We decided last year that we wanted to go even further. That is why we have started to put out an engagement report twice a year that lists the hours viewed of all the shows in our catalogue over the last six months. We think that that is an exceptional new benchmark-setting level of transparency. It is very easy to interpret. It is a measure of engagement that can be easily compared with other data sources such as Nielsen and so on. From a transparency perspective, what Netflix is doing is, hopefully, best in class.

Q387 **John Nicolson:** Do you think creatives would say that because of this increased transparency their successes, when they have successes, are rewarded financially in the way that they should be?

Benjamin King: I would certainly hope so. That is a question for them, but in terms of the amount of data that they have available to see how their shows have performed, there is certainly no shortage in terms of what Netflix shares.



HOUSE OF COMMONS

Chris Bird: I am delighted to say that we have also recently joined Barb, so there is publicly available full visibility on the performance of our television shows. I am even more delighted to say that Barb's report from last week shows "Clarkson's Farm" is the No. 1 television show in the country.

Q388 **John Nicolson:** Congratulations—how lovely. I must catch up with it some time. In answer to the same question, do you think that creatives are now adequately rewarded or would believe that they are adequately rewarded?

Chris Bird: I certainly hope so. I do not have any direct evidence to the contrary.

John Nicolson: Mr Freeman or Mr Simmons, do you want to chip in, or are you happy not to?

Gidon Freeman: I am happy not to.

Mitchell Simmons: I would just say that, similarly to the others, we have a number of different models. One of the interesting things about the way we operate in the UK is that for our UK commissions for Paramount+ it is the same commissioning team as Channel 5, with the same commissioners. They understand the UK market. We often have a similar model to a PSB model, where we will commission, have Paramount+ as the first-run broadcaster, equivalent to a broadcaster, and then the producer will take the secondary rights and retain those rights so they are able to get remunerated. For "Insomnia", for instance, which is coming soon to Paramount+ with Vicky McClure, we have that model for UK commissions at Paramount+.

Q389 **Clive Efford:** Mitchell, can I ask you about Paramount+? Since you have introduced Paramount+, are you making more film content and reserving it for your streaming platforms? Or are you making the same amount of volume as before and therefore giving fewer titles to cinema releases?

Mitchell Simmons: For Paramount we absolutely believe in the mixed ecology, as I think I said earlier. For films, we absolutely believe in theatrical release. I think back to the comments I made earlier about something like "Blue Story", which is a British film that we supported: if you have a strong theatrical release in the UK, that sends a signal to the wider market, so that when we try to release that film we have a theatrical release by the markets, and you get a good sense of the show from what has happened in the UK. Further down the line, when our distribution teams are selling those shows to pay-TV providers or public broadcasters around the world, we can point to a strong theatrical release.

We absolutely believe in theatrical release. We believe it is the engine at the front of the train for most films. There are some small films—maybe kids' films or specific films—that we might make that go straight to streaming, but primarily we make films in the UK for theatrical release.



HOUSE OF COMMONS

Q390 **Clive Efford:** Do you limit the time they are available for theatrical release? For instance, Netflix quite often limits the time they are on release for theatrical performance. Do you do the same?

Mitchell Simmons: No. I think if theatres want our films and we can have them on theatrical release, we will do that.

Q391 **Clive Efford:** Benjamin, why do you give such short cinema releases?

Benjamin King: At Netflix, we believe that our first responsibility is towards our members. We want them, wherever possible, to be able to see the content that they have paid for first on Netflix rather than ask them to pay a second time to see it at the cinema. It is often the case that to meet the eligibility criteria for awards, which understandably are very important to talent and very important generally in our industry, we are required to give certain films a theatrical release, but wherever we can we try to put our members' best interests first.

Q392 **Clive Efford:** Do you feel that the theatrical release disadvantages the people who subscribe to your platform?

Benjamin King: Effectively, either you are asking people who already pay you a monthly subscription to pay a second time to watch something at the cinema if they want to see it when it first comes out, or you are giving people who are not Netflix subscribers an opportunity to see content that in theory should be exclusive to Netflix. As I say, we make allowance for awards criteria, because that is understandably important, but we do think that the compact we have with our members is an important one. Part of that is ensuring that wherever possible they can see the content that they are in effect paying for by subscribing to us first on Netflix.

Q393 **Clive Efford:** In your surveys of your customers, is that what they tell you: that they expect your content to be on your platforms as soon as possible?

Benjamin King: We know that our members do not want to pay twice to see the same content.

Q394 **Clive Efford:** Okay. Gidon, how much reliance does NBCUniversal have on the exhibition sector? What, if anything, would you like to see done to improve its fortunes?

Gidon Freeman: We are extremely supportive of the theatrical release, and of the theatrical window, full stop. We have had great success in recent years. You will have seen that in 2023 Universal was the top performing studio at the UK box office, after "Super Mario Bros.", and "Oppenheimer" did extremely well along with several of our other films. We think that the experience of going to the cinema is remarkably good value compared with an awful lot of other leisure activities.

It is true that during the pandemic, when everybody was stuck at home and all the cinemas in the world were closed, we experimented with—



HOUSE OF COMMONS

pioneered, even—new distribution models, including putting films into the home on the same day as their theatrical release or in very short order following the theatrical release. I would say that the fact that a film such as “Oppenheimer” came to Universal when the director, Christopher Nolan, could have gone to any studio, is evidence of our company’s commitment and our executives’ commitment to working with exhibition and giving the very best films the very best possibility of being seen as the director intended them on the big screen.

In the UK, 2023 was for us 12% up on 2022, but still 20% down on the average box office figure of 2017 to 2019. Two years ago, as we were coming out of the pandemic, the first full year of cinemas being open was 2022, and that was in some countries 50% down on the 2017 to 2019 average. It feels like we are working our way back to a steady state, but we are not there yet. The strikes did not help and will have a knock-on effect six months from now or a year from now, when the titles that would have been produced towards the end of last year are suddenly not available for distribution, causing issues with distribution schedules and timing.

One of the effects that we worried about in our written submission was that those trends, combined with the fact that a lot of the major exhibition chains were quite heavily indebted, meant that there was a risk that some of them would go out of business. We have seen 17 multiplex closures around the UK in the last six months or so. Seven of them have reopened under different ownership, so that is 10 that have gone. But even among the seven that have phoenixed and among the others, a lot of the big multiple operators that run chains of cinemas are putting some of their screens dark for half of the week. What was once a 15-screen multiplex might be for four days of the week, effectively a 10-screen multiplex. That has a lot of implications for staffing and so on, but it means that we, and exhibition collectively, face a challenge in bringing the full audience back.

Clive Efford: The last part of the question was what, if anything, you would like to see done to improve this.

Gidon Freeman: We work collaboratively with exhibition in every country where we operate. I do not have any particular requirements to demand from them. It is a slow process of building the audience back in as effective a way as possible.

Q395 **Clive Efford:** Chris, how important is cinema release to Amazon films?

Chris Bird: We are very supportive of the theatrical environment, and we always have been—ever more so since our recent acquisition of the MGM Studios brand in 2022. A recent example is “Saltburn”, Emerald Fennell’s film that we theatrically released first at the London film festival in October last year and followed on to risk giving it a full theatrical from October-November. The film grossed more than £6 million at the box office, ran for a full two months before premiering on the Prime Video



HOUSE OF COMMONS

platform and still went on to be one of our most successful films on the platform.

We see theatrical as an integral and important part not only of the way we release films, but also of the continuation of the importance of the film sector. We want to see films in theatre, and we want customers to have the choice over where they watch them.

Q396 Clive Efford: This is a question to all of you: what would be the impact on your releases of introducing a French model with long statutory gaps between cinema releases and the availability to purchase or stream?

Chris Bird: Any business model where you create demand for an asset and then restrict availability of that asset is challenging. When you think about the complexity, the cost involved and the time and effort that it takes to generate awareness, marketing campaigns and PR campaigns for films, putting them into a blackout period where they are simply unavailable makes it very challenging to reignite awareness of those films when they release on a platform. That is not something I would wish to see in the UK.

Clive Efford: Okay. Does anyone else have comments on that?

Gidon Freeman: That is a peculiarity of the French system that is not replicated in precisely that way anywhere in the world. It is a market intervention that the UK does not require and that the UK would not benefit from.

Q397 Jane Stevenson: Apologies to have run out in the middle. I was talking about the proportion of your UK spending investing in skills. Gidon, I think I interrupted your answer, which was just beginning.

Gidon Freeman: I think the Division bell did. I was going to say we do workforce development. We have a specific team that focuses on workforce development and skills everywhere that we produce. We think that is an essential part of cultivating long-term links with local areas and ensuring that the pipeline of young new talent is there for when our productions are ready to go back.

I would say that the sum total of our contribution to the skills bundle is partly things such as paying into the screen investment fund levy under ScreenSkills, it is partly through colleagues of ours at Working Title, who help with the creation of the London Screen Academy and who part-sponsored the creation of Elstree Screen Arts, two of the 14 to 19 colleges that focus on craft and technical skills in particular and have an extremely clear focus on diversity and creating opportunities for young people from underrepresented groups behind and in front of the camera.

We have also participated in or organised skills and training bootcamps in both Wales and Northern Ireland where we have been producing there, and we had a pretty cool project with the Mayor of London to bring in



HOUSE OF COMMONS

young Londoners who would not have been exposed to the opportunities of working on a Universal film set for two of our more recent productions.

We are confident that we are doing everything that we can. We also participated, as most of us did, with the BFI's Screen Sectors Skills Task Force and are staying engaged in that as the recommendations that it came up with move towards an implementation phase.

Q398 **Jane Stevenson:** On diversity and inclusion, I have the highest youth unemployment rate in the country, which is awful. I would love to see some young people from areas that are not traditional production sites also having access to these fantastic opportunities in the industry. I think it is an industry that they would not dream of imagining a career in at the moment. Do you think there is enough link-up with colleges in getting the message out that it may involve moving home or—

Gidon Freeman: One would hope that it should not need to involve moving home. I am sure there is not enough link-up with colleges. I have described two of the link-ups that we have had, but I am sure that there could be more. I know that the people involved in both of those schools are interested in what other opportunities there might be in the midlands or in the north. Is it Wolverhampton?

Jane Stevenson: Yes.

Gidon Freeman: The new studios that Steven Knight is building in Birmingham will be an opportunity and hopefully the first anchor tenant of a new cultural quarter that will create opportunities that should spill out into the Black Country as well, we hope.

Jane Stevenson: I hope so. Benjamin?

Benjamin King: I certainly agree with the hypothesis of Adrian Wootton that skills is the most pressing challenge that our industry faces. There is a danger that it is fast becoming the weakest link, as other areas such as incentives and infrastructure get more attention. It has been a consistent priority for Netflix. We train over 1,000 people a year on a combination of placements on our own productions, classroom training and industry partnerships. We have done this for several years, so we have trained over 5,000 people in the last five years.

On your point about helping young people, particularly from more deprived backgrounds, we are passionately committed to seeing how we can tackle the challenge of social mobility in our sector. Culture and creativity have long had a class problem. We have done a lot of work with a wonderful academic called Sam Friedman on this particular topic.

We also have a brilliant partnership right now with the National Youth Theatre called IGNITE, which is specifically about giving young people in some more disadvantaged areas the opportunity to see what career opportunities there are behind the scenes in our industry and build up their networks. We have been running that programme in parts of Wales,



HOUSE OF COMMONS

Yorkshire and the north-east. We also have a documentary talent fund competition every year for aspiring documentary filmmakers to make a short documentary with both financial assistance and mentoring from Netflix, and a host of other initiatives as well. I think this does need to be the No. 1 priority for our sector. It is certainly something that we have identified as an issue that we want to put as much resource into as possible.

Broadly, there are five areas where we see particularly pressing shortages where we are focusing our efforts: production management, production accounting, VFX, post-production and music supervision. Those are the areas where we are focused, but if you spoke to most people in the sector]I think they would say that the skills shortages that we face are universal.

Mitchell Simmons: I agree with that. As Gidon said, we sat in a room with Adrian Wootton and others on the BFI's Screen Sectors Skills Task Force; I will just try to pick up on a couple of points. The first is that when we sat in those rooms and had those conversations, what came out of that review was essentially that industry is spending a lot on skills, but how it is spending—the strategic execution of that skills delivery—is not necessarily optimal. An example is having skills money that is held in levies that are in vertical chains, for kids or drama or whatever, when skills are transferable across divisions. That is something that the industry needs to look at, and it is something we are very supportive of.

Another element that has come out is the unfortunate inability of our sector to fully draw down from the apprenticeship levy, which I think is something we need to look at. I think the industry has certainly, in the last 18 months, got its act together by being in the same room and saying, "Okay, we all want to benefit skills. We are all spending money. How can we do it better?" That is a positive thing to take away.

There are multiple things I could flag on Paramount features particularly. We are the only studio that commits to the BFI diversity and inclusion standards on every single feature that we produce. That has a skills element, so we often work with MAMA Youth for trainees and other individuals. I should flag a new project led by the production team on "Savage House" that was working with reformed ex-offenders and finding a pathway for them into our industry. Thinking back to your comments about those who would never see themselves working in the creative sector, ex-offenders are people who may never see that opportunity. We worked on that with "Savage House", which is a wonderful Claire Foy and Richard E. Grant project that is coming out at some point soon.

Q399 **Jane Stevenson:** Fantastic. Based on the current apprenticeship pilots or models that you are familiar with, what specific changes do Government need to make to the apprenticeship system? If they were to be more workable, which areas of skills would be the priorities that you would want to focus those apprenticeships opportunities on in the future?



HOUSE OF COMMONS

Mitchell Simmons: We do not have any in-house production, so the apprentices we have go into IT, marketing, accounting, finance and technical functions, which is obviously very important for our sector, but we have an inability—due to the criterion of being an accredited 12-month course—to draw down levy money to use and have apprentices in those sectors. What we would like to see, and the taskforce is looking at this, is an increased flexibility for us to focus on skills so that we can use the apprenticeship levy for skills and training across productions, on the production sector and the creative aspect of our work, rather than in those more corporate functional elements of our operations.

Jane Stevenson: Benjamin, you have already mentioned some priorities.

Benjamin King: Yes. The Screen Sectors Skills Task Force has looked into this in some depth and made its own conclusions and recommendations that we fully support. Fundamentally, what it boils down to is greater flexibility. We need to do away with the 12-month contract rule, which is completely unworkable for a project-based industry like ours, but we also need to ensure that a proportion of the levy is available for skills development, which is not tied to apprenticeship standards. Those standards are not always necessary in an industry such as ours. Again, it places artificial restrictions on how the money can be spent, which means that at the moment about 80% of levy funds do not go back into the industry, which is a terrible waste when it is such a priority for us all.

Gidon Freeman: I do not have anything to add. I agree entirely with what the others have said.

Chris Bird: I have two things to add. We need to incentivise high-quality training providers. We have worked closely with the National Film and Television School, and it certainly meets the bar for being among the best in the country in providing those skills. We need to find ways to scale that or encourage other training providers to invest more and upskill their output.

Secondly, it is about looking at the flexibility around how we use the levy and potentially allowing overhead costs to be used in some kind of agency model where they could be fungible enough to cover the costs of a 12-month placement, where somebody might only be working in production for blocks of two months here, two months there, covering the learning experience in between those blocks and, more importantly, covering that person's overheads. Those two things we think are important. I think the taskforce believes that more than 1,000 apprenticeships a year would be available if we were to unlock those two things right now.

Jane Stevenson: Thank you very much. I know we are short on time, so I will hand back to the Chair.



HOUSE OF COMMONS

Q400 **Chair:** Very quickly, I am going to ask for a yes or a no answer from all of you. The BFI suggests that companies put in voluntarily 1% of their production budget towards training. Is your company hitting or exceeding that 1%?

Chris Bird: We are spending £10 million over the last three years. I am not sure where that sits as part of our overall contribution, but we are heavily incentivised to contribute to skills and training.

Chair: Maybe you could write to let us know whether that constitutes 1%. That was not a yes or no answer.

Chris Bird: Okay.

Chair: Let's try you, Gidon.

Gidon Freeman: Yes or no is my answer. I will happily write to you, Chair, and confirm the details.

Chair: We are not going very well so far.

Benjamin King: Yes, I believe so.

Gidon Freeman: By the way, I believe we are too, but I want to be sure before I write to you.

Mitchell Simmons: I will do the same as NBCUniversal and write to you.

Q401 **John Nicolson:** Could I just ask Mr King a question? We were all talking in our private meeting beforehand about all the things that we were enjoying watching—binge-watching, for some of us. Several people mentioned "Baby Reindeer", which is one of yours. I think it has had 54 million views worldwide, or something like that, so it was a huge success, but it was a difficult watch.

What are your duty-of-care rules in a series like that or productions like that? Were you concerned about the characters being identified and the effect that it would have on the characters concerned?

Benjamin King: "Baby Reindeer" is an extraordinary story, and it is obviously a true story of the horrific abuse that the writer and protagonist Richard Gadd suffered at the hands of a convicted stalker. We did take every reasonable precaution in disguising the real-life identities of the people involved in that story in the making of the show—

John Nicolson: But she has been identified, hasn't she?

Benjamin King: —while also striking a balance with veracity and authenticity of Richard's story, because we did not want to anonymise that or make it generic to the point where it was no longer his story, because that would undermine the intent behind the show.

We did also work very closely with the Suzy Lamplugh Trust, which runs Britain's national stalking helpline, and with We Are Survivors in promoting and launching the show. They have said a lot subsequently



HOUSE OF COMMONS

about what the series has done to drive the conversation around this often quite taboo topic, particularly for male victims of stalking, and the amount of interest and inquiry it has driven to their organisations.

Q402 **John Nicolson:** It was a fascinating story and very disturbing. I understand that the woman concerned, the Martha in real life, has now been identified, so presumably this will have quite a significant impact on her life. She is Scottish and, I think, works in the legal profession and is now contemplating legal action, I understand, because of the effect it has had on her life. What was your thought process about her and the effect that this would have on her? Obviously it is somebody who is impacted by quite serious mental health problems.

Benjamin King: Richard Gadd was very clear that it was not the intent of the show that it should inspire people to try to track down the real-life individuals. Ultimately, it is obviously very difficult to control what viewers do, particularly in a world where everything is amplified by social media. Fundamentally, this was Richard's story and about telling Richard's story in a truthful way. I personally would not be comfortable with a world in which we decided that it was better that Richard was silenced and not allowed to tell his story. We are following the situation very closely.

Q403 **John Nicolson:** Did you offer any contact or support for the Martha character in real life?

Benjamin King: I cannot get into the specifics of what happened around the making of the show, because it would not be appropriate for me to comment, and I do not want to give further fuel to some of the theories that are circling on the internet.

Chair: Thank you very much, John.

I know you all have to go. I am so grateful for the time you have given us today. When you write to me with the details about your spending on skills, can you also answer one last question from me: if you could make one key policy request of the Government right now, that we should make a recommendation of our report, what would it be? Thank you for all your time today and for all your patience while we have been running around doing all this voting.